

# STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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## Ratio Study Narrative 2022

General Information	
<b>County Name</b>	BOONE

Person Performing Ratio Study			
<b>Name</b>	<b>Phone Number</b>	<b>Email</b>	<b>Vendor Name</b>
DAN SPIKER	317-513-8725	dans@g-uts.com	GUTS

Sales Window	1/1/2021 to 12/31/2021
<p><b>If more than one year of sales were used, was a time adjustment applied?</b></p> <p>Sales window is 1/1/2021-12/31/2021 except: Res Improved Harrison Twp and Res Imp Jefferson Twp contains sales from 2020</p>	<p><b>If no, please explain.</b></p> <p>There were no repeated (paired) sales available and no reliable trend data was found to justify any accurate incremental adjusting, especially in this highly unusual COVID-influenced market. Therefore, no adjustments were made.</p>
	<p><b>If yes, please explain the method used to calculate the adjustment.</b></p>

Groupings
<p><b>Please provide a list of townships and/or major class groupings (if any). Additionally, please provide information detailing how the townships and/or major classes are similar in the market.</b></p>

GROUPING #12670

- CLINTON RESIDENTIAL IMPROVED
- MARION RESIDENTIAL IMPROVED
- WASHINGTON RESIDENTIAL APPROVED

These studies were grouped together in order to obtain a more desirable, larger, sample size of at least 3%. Clinton Marion, and Washington Townships are adjacent to one another on the N-NE corner of Boone County. They are similar in residential-to-agricultural market mixes. They share the same majority school district and the same demographic and socioeconomic residential real estate market segment.

GROUPING #12672

- HARRISON RESIDENTIAL IMPROVED
- JACKSON RESIDENTIAL IMPROVED

These studies were grouped together in order to obtain a more desirable, larger, sample size of at least 3%. Harrison and Jackson Townships are adjacent to one another on the S-SE corner of Boone County. They are also similar in residential-to-agricultural market mixes. They also share the same majority school district and the same demographic and socioeconomic residential real estate market segment.

GROUPING #12674

- CENTER COMMERCIAL IMPROVED
- EAGLE COMMERCIAL IMPROVED

The commercial market for the sold properties in this class, within Boone County, are similar and considered the "same market" by virtually every commercial real estate market valuation source. The market-driving forces and behavior which affect value rates and trends are similar for all of these properties therefore, they were considered and grouped as one (together).

**\*\*Please note that groupings made for the sole purpose of combining due to a lack of sales with no similarities will not be accepted by the Department\*\***

AV Increases/Decreases

**If applicable, please list any townships within the major property classes that either increased or decreased by more than 10% in total AV from the previous year. Additionally, please provide a reason why this occurred.**

**AV Increases/Decreases** – There are no increase/decrease statistics included in this submittal. Previously, significant effort was given to provide a list of increase/decrease stats by Township and Property Type with the initial ratio study submittal. However, the stats that we calculated were significantly different than those subsequently provided by the Department in the ratio study submittal follow-up. We conversed with several members of the Department staff in effort to understand the programming criteria used to replicate the same data results, but we kept coming up with differing results. We believe this has a lot to do with 1. Parcel splits/creation of new parcels and 2. New Construction where parcels coded as 500 vacant lots and valued as developer land in previous years, become 510 with newly constructed and newly assessed homes for the following year. For this reason, we will wait for the list provided by the department.

<b>Property Type</b>	<b>Townships Impacted</b>	<b>Explanation</b>
<b>Commercial Improved</b>		The explanations have been appended to the end of this document
<b>Commercial Vacant</b>		The explanations have been appended to the end of this document
<b>Industrial Improved</b>		The explanations have been appended to the end of this document
<b>Industrial Vacant</b>		The explanations have been appended to the end of this document
<b>Residential Improved</b>		The explanations have been appended to the end of this document
<b>Residential Vacant</b>		The explanations have been appended to the end of this document

### **Cyclical Reassessment**

**Please explain which townships were reviewed as part of the current phase of the cyclical reassessment.**

The following Townships were reviewed as part of the current phase of the cyclical reassessment:

- CENTER
- EAGLE
- JACKSON

JEFFERSON
MARION
SUGAR CREEK
UNION
WASHINGTON
WORTH

Was the land order completed for the current cyclical reassessment phase?
The Land Order was completed in the previous phase.

Comments
<p><b>In this space, please provide any additional information you would like to provide the Department in order to help facilitate the approval of the ratio study. Such items could be standard operating procedures for certain assessment practices (e.g., effective age changes), a timeline of changes made by the assessor’s office, or any other information deemed pertinent.</b></p> <ul style="list-style-type: none"> <li> <b>Vacant vs. Improved Sales in Ratio Study - <i>NOTE:</i></b> While extracting sales for the 2022 Boone County Ratio study, vacant vs. improved sales were determined by Box 3 (Vacant Land) in the Conditions Section (B) of the Sales Disclosure Form, <i>not</i> by Property Subclass. In the past, this has been an issue during the review process by the DLGF representative. If box 3 is checked ‘Yes’, those sales will be in the Vacant Residential Ratio Study. If box 3 is checked ‘No’, those sales will be in the Improved Residential Ratio Study. </li> </ul> <p>At the time many Sales Disclosures were filed with the Assessor, data entry on new construction had not been completed. Many parcels involved with improved sales still had a subclass of vacant (500, 501, etc) and the dwellings had not been entered into the system. In order to maximize the number of sales deemed valid and used in the study, the PVDNet Trending/Ratio Study Module points to Box 3 (Vacant Land) when gathering sales, not a subclass that may have been changed after the Sales Disclosure Form was filed. Using Box 3 (Vacant Land) instead of subclass insures that upon signing their names, buyers and sellers are certifying they paid X number of dollars for either Vacant Land or Improved Property.</p>

- **Methodology:** The annual adjustment process for residential properties in Boone County was conducted by calculating new neighborhood factors based upon sales deemed valid for trending.
- **Application of Factor (50 IAC21-5-2)** Regarding residential improved property classes, new neighborhood factors were calculated and applied in accordance with IC6-1.1-4 and the Real Property Assessment Guidelines as sales data dictated. For neighborhoods with zero or insufficient sales data, the neighborhood factor was updated based on comparable neighborhoods in that specific residential real estate market. Where sales and/or other market derived data dictated, some properties were left the same for 2022.
- **Addressing properties that have been remodeled or extensively updated.** In Book 1, Chapter1, page 3 of the Indiana Assessment manual under Appraisal and Examination of Buildings, it states that the Assessor *“is responsible for keeping the assessment data and records current by securing the necessary field data and making changes in the assessment as changes occur”*. When the Assessor discovers properties that have undergone remodeling or updating, the change may be reflected by updating the effective age of the dwelling. In Appendix B, page 5 under Effective Age, the manual states that Effective Age *“can be thought of as the actual age less the years that have been removed from the actual age by such things as maintenance, repair, upgrading, and change. The items that would tend to reduce the effective age might include: new paint, carpeting, roof, furnace, electrical system, windows, plumbing, room additions or general home remodeling”*. If the effective age has been changed in Boone County, the procedure is to follow the chart referenced below as a guideline as to help assure uniformity. The contribution chart referenced below is taken from the Indiana Cost Guidelines. Using these categories, the Assessor determines a range of acceptable overall increase in value related to the accumulated remodel items. The overall charge is up to the discretion of the Assessor as many updates are grouped and/or vary in quality.

Windows, exterior door and floor cover	5%
Exterior	6%
Interior drywall and ceiling finish	8%
Built-ins, cabinets, interior doors, trim	13%
Plumbing fixtures	5%
Floor covering	6%
Light Fixtures, Painting and decorating	6%

- **The C.O.D. for two areas in the study are under 5.00:**
  1. RESIDENTIAL VACANT EAGLE – The vast majority of the sales are from one neighborhood (3760) which is a newly platted subdivision.

2. RESIDENTIAL IMPROVED PERRY- The vast majority of the sales are from new home sales within a new residential subdivision. with subsequent sales for vacant lots before new home construction.

Both of these sales generally consist of the majority being either newly constructed homes or newly platted land lots with immediate follow-up sales. The new homes and lots are all very similar in nature and related selling price. Due to the uniform structure of this homogeneous environment, the C.O.Ds will tend to be lower than normal.

- **Due to insufficient valid sales**, there was no ratio study performed on the following classes:

INDUSTRIAL VACANT: ALL TOWNSHIPS

INDUSTRIAL IMPROVED: ALL TOWNSHIPS

COMMERCIAL VACANT: ALL TOWNSHIPS

COMMERCIAL IMPROVED: ALL TOWNSHIPS EXCEPT CENTER AND EAGLE

RESIDENTIAL VACANT: ALL TOWNSHIPS EXCEPT EAGLE

- **Status (IC 6-1.1-4-4.2):** GUTS has completed Phase IV of the 2018 Cyclical Reassessment process. The workbook has been updated with the appropriate phase marking for every parcel included.

**Commercial Improved:**

Marion -18.0% increase

**Response: Addition of new commercial structure**

Perry – 29.9% increase

**Response: Several new large commercial structures**

Sugar Creek – 13.0% increase

Response: Combination of several substantial remodels and overall increase in new cost tables

Worth – 63.8% increase

Response: Several new completion updates, remodels

**Commercial Vacant:**

Center – 13.3% increase

Response: Primarily, land changing from vacant/developer, to improved due to addition of new construction

Eagle – 25.5% increase

Response: Creation of new parcels for new construction

Marion – 90.5% decrease

Response: Change from improved Primary use, to undeveloped

Perry – 35.7% increase

Response: Creation of new parcels for new construction

Sugar Creek – 51.9% increase

Response: Creation of new parcels for new construction

Worth – 749.8% increase

Response: Creation of new parcels for new construction

**Industrial Improved:**

Marion – 22.4% increase

Response: Large addition to one of only three Industrial properties in this Township

Worth – 17.3% increase

Response: New construction and increase in sales and valuation of large industrial warehouses

**Industrial Vacant:**

Marion – 30.9% decrease

Response: \*I believe you mean Center – Your overall Percent change comparison document shows a 30.9% decrease for Center Industrial Vacant. The spreadsheet you provide Center Industrial Vacant shows no decreases but rather a large increase. This because it includes the improvements for a new, large industrial building

Eagle – 105.1% increase

Response: Creation of new parcels for new construction

Perry – 107.8% increase

Response: Creation of new parcels for new construction

Worth – 17.1% increase

Response: Creation of new parcels for new construction

### **Residential Improved:**

Center – 17.9% increase

Response: The majority of change contributing to the larger increases is new construction. The increase in real estate market sales and increased construction costs in the new manual also have contributed to the increase.

Clinton – 15.5% increase

Response: The majority of change contributing to the larger increases is new construction. The increase in real estate market sales and increased construction costs in the new manual also have contributed to the increase.

Eagle – 21.1% increase

Response: The majority of change contributing to the larger increases is new construction. The increase in real estate market sales and increased construction costs in the new manual also have contributed to the increase.

Harrison – 15.1% increase

Response: The majority of change contributing to the increase is the increase in real estate market sales and increased construction costs in the new manual also have contributed to the increase.

Jackson – 18.1% increase

Response: The majority of change contributing to the increase is the increase in real estate market sales and increased construction costs in the new manual also have contributed to the increase.

Jefferson – 12.8% increase

Response: The increase is a combination of new construction, increases in real estate market sales and increased construction costs in the new manual.

Marion – 21.2% increase

Response: The increase is a combination of new construction, increases in real estate market sales and increased construction costs in the new manual.

Perry – 29.4% increase

Response: The majority of change contributing to the larger increases is new construction. The increase in real estate market sales and increased construction costs in the new manual also have contributed to the increase.

Sugar Creek – 18.5% increase

Response: The increase is a combination of new construction, increases in real estate market sales and increased construction costs in the new manual.

Union – 17.5% increase

Response: The increase is a combination of new construction, increases in real estate market sales and increased construction costs in the new manual.

Washington – 17.9% increase

Response: The increase is a combination of new construction, increases in real estate market sales and increased construction costs in the new manual.

Worth – 28.7% increase

Response: The majority of change contributing to the larger increases is new construction. The increase in real estate market sales and increased construction costs in the new manual also have contributed to the increase.

**Residential Vacant:**

Center – 45.0% increase

Response: Creation of new parcels and changing from undeveloped to homesite for new construction

Clinton – 13.3% decrease

Response: I see an increase for this category. It is caused by creation of new parcels and changing from undeveloped to homesite for new construction

Eagle – 44.1% increase

Response: Creation of new parcels and changing from undeveloped to homesite for new construction

Harrison – 82.2% increase

Response: Creation of new parcels and changing from undeveloped to homesite for new construction

Jefferson – 31.5% increase

Response: Creation of new parcels and changing from undeveloped to homesite for new construction

Marion – 18.0% decrease

Response: I see an increase for this category. It is caused by creation of new parcels and changing from undeveloped to homesite for new construction

Perry – 78.4% increase

Response: Creation of new parcels and changing from undeveloped to homesite for new construction

Sugar Creek – 54.1% increase

Response: Creation of new parcels and changing from undeveloped to homesite for new construction

Washington – 20.4% increase

Response: Creation of new parcels and changing from undeveloped to homesite for new construction

Worth – 770.3% increase

Response: Creation of new parcels and changing from undeveloped to homesite for new construction